

Regular Session, 2009

HOUSE BILL NO. 106

BY REPRESENTATIVES GREENE, BALDONE, BARRAS, CARTER, HENRY,  
HOFFMANN, GIROD JACKSON, NOWLIN, RICHARD, RITCHIE,  
ROBIDEAUX, AND JANE SMITH AND SENATORS DONAHUE AND MICHOT

TAX/INCOME-INDIV/EXEMPT: Provides for a deduction for net capital gains

1 AN ACT

2 To amend and reenact R.S. 47:293(10) and to enact R.S. 47:293(9)(a)(xvii), relative to the  
3 individual income tax; to provide for a deduction for net capital gains; to provide for  
4 an effective date; and to provide for related matters.

5 Be it enacted by the Legislature of Louisiana:

6 Section 1. R.S. 47:293(10) is hereby amended and reenacted and R.S.  
7 47:293(9)(a)(xvii) is hereby enacted to read as follows:

8 §293. Definitions

9 The following definitions shall apply throughout this Part, unless the context  
10 requires otherwise:

11 \* \* \*

12 (9)(a) "Tax table income", for resident individuals, means adjusted gross  
13 income plus interest on obligations of a state or political subdivision thereof, other  
14 than Louisiana and its municipalities, title to which obligations vested with the  
15 resident individual on or subsequent to January 1, 1980, and less:

16 \* \* \*

17 (xvii) Income from net capital gains, which shall be limited to gains  
18 recognized and treated for federal income tax purposes as arising from the sale or  
19 exchange of an equity interest in or substantially all of the assets of a non-publicly

1        traded corporation, partnership, limited liability company, or other business  
2        organization commercially domiciled in this state.

3                                \*           \*           \*

4                (10) "Tax table income", for nonresident individuals, means the amount of  
5        Louisiana income, as provided in this Part, allocated and apportioned under the  
6        provisions of R.S. 47:241 through 247, plus the total amount of the personal  
7        exemptions and deductions already included in the tax tables promulgated by the  
8        secretary under authority of R.S. 47:295, less the proportionate amount of the federal  
9        income tax liability, excess federal itemized personal deductions, the temporary  
10       teacher deduction, the recreation volunteer and volunteer firefighter deduction, the  
11       construction code retrofitting deduction, any gratuitous grant, loan, or other benefit  
12       directly or indirectly provided to a taxpayer by a hurricane recovery entity if such  
13       benefit was included in federal adjusted gross income, the exclusion provided for in  
14       R.S. 47:297.3 for S Bank shareholders, the deduction for expenses disallowed by  
15       I.R.C. Section 280C, the deduction for net capital gains, and personal exemptions  
16       and deductions provided for in R.S. 47:294. The proportionate amount is to be  
17       determined by the ratio of Louisiana income to federal adjusted gross income. When  
18       federal adjusted gross income is less than Louisiana income, the ratio shall be one  
19       hundred percent.

20                                \*           \*           \*

21        Section 2. The provisions of this Act shall become effective for all taxable periods  
22        beginning on or after January 1, 2010.

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#### DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

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Greene

HB No. 106

**Abstract:** Provides for an individual income tax deduction for net capital gains.

Proposed law provides for an individual income tax deduction for income from net capital gains, which is limited to gains recognized and treated for federal income tax purposes as arising from the sale or exchange of an equity interest in or substantially all of the assets of

a non-publicly traded corporation, partnership, limited liability company, or other business organization commercially domiciled in this state.

Effective for all taxable periods beginning on or after Jan. 1, 2010.

(Amends R.S. 47:293(10); Adds R.S. 47:293(9)(a)(xvii))

Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Ways and Means to the original bill.

1. Changes the definition of net capital gains.